

September 21, 2012

TO: School District Administrators

FROM: Ron Lankford, Deputy Commissioner, Financial and Administrative Services
Roger Dorson, Coordinator, School Administrative Services

RE: September Financial/Governance/Transportation Information

Annual Secretary of the Board Report (ASBR)

School Finance is working on a new version of the Annual Secretary of the Board Report (ASBR) that will be available to districts on November 5, 2012. School Finance will be conducting a webinar on November 1, 2012, at 1:30 regarding the new version of the ASBR. More information regarding the new version of the ASBR and the webinar will be forthcoming.

September Foundation Payment Calculations

The September Basic Formula payment, including Classroom Trust Fund, was calculated using the best data available for each district. Each month's calculation will be made using the best available data reported by the district to DESE.

One common data quality issue affecting a district's calculation is the lack of the 2012 summer school attendance data provided through the MOSIS August submission; therefore, the payment weighted average daily attendance for the district may not include a summer school component. The weighted average daily attendance value used in the formula calculation will change in some future month once the summer school attendance data have been submitted to DESE. *Please submit the 2012 summer school attendance data as soon as possible.*

It is important that the district compare DESE's calculations with those generated by the district. Please call or email School Finance (573-751-0357; webreplyadmsf@dese.mo.gov) with questions or concerns about the district's calculations.

September 2011 Membership Report to the Counties

Prior year September membership data (September 2011) are used by the county to calculate the 2012-2013 distribution of Fines, Escheats, etc., as well as for the apportionment of State Assessed Railroad and Utilities revenue. A September membership report, which lists the membership data by district within the county as submitted to DESE by each district, is accessible on the School Finance website.

Two September Membership reports are available on the web to school districts. To access these reports, log on to the DESE Web Applications located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2011-12 and select the Report Menu option from the upper-right dropdown box. Select Summary Reports. One report, the September Membership Comparison Report (SAR070R), compares September membership as reported by the district for the year selected and the prior year. The other report, September Membership Report (SAR080R), displays only the data for the year selected. Please review the membership data. If reporting errors are found, update the September 2011 membership through the MOSIS October Student Core file. Remember, a change made to September membership may necessitate a corresponding change to enrollment.

September 2012 Membership Count – Last Wednesday in September

The last Wednesday in September (September 26, 2012) is the membership count day and the enrollment count day. In the October Cycle MOSIS 2012 Student Core submission, individual student data are used to populate Core Data screen 16 to provide enrollment data by male/female in the appropriate categories and report the September 2012, membership data by county. The Core Data Collection System Manual provides the definitions for September enrollment and membership. Please certify data for the October cycle screens by October 15, 2012.

Reminders regarding reporting of enrollment and membership for students attending districts outside their district of residence:

- 1) District paid tuition – When the district of residence pays another district full tuition, the district of residence will report the student in membership but not in enrollment. Such students are known as Resident II students to the district of residence. The district educating the student will include the student in their MOSIS file as a non resident with the appropriate district of residence code. This will allow the district receiving the tuition and educating the student to include the student in non-resident enrollment and will move other data, such as membership and attendance data, to the district of residence's core data files.
- 2) Parent paid tuition – When a parent pays tuition for a student to attend another district, the district of residence will not report the student in enrollment or membership. The district receiving the tuition from the parent and educating the student will include the student in their MOSIS file as a parent tuition student. This will allow the district receiving the tuition and educating the student to include the student in non-resident enrollment and move certain data to the district's core data files.
- 3) Local effort – When a district pays local effort only (as opposed to full tuition) to another district for a student attending that district, the district paying the local effort will not report the student in enrollment or membership. The district receiving the local effort payment and educating the student reports the student in their MOSIS file as a resident student. This will allow all appropriate data to flow into the district's core data files.

Attendance Reporting

Students must be in attendance in an instructional capacity under the direct supervision of a certificated employee of the district to be counted for attendance purposes. A district may have policies allowing an excused absence for various purposes such as illness, religious beliefs, testing, etc.; however, there is no authority to give attendance credit for student's not in attendance nor under the direct supervision of a certificated teacher.

The attendance of students taking a class in a zero hour is not included in the attendance reported for state aid since that zero hour is not part of the district's calendar hours in session.

Fiscal Year 2012 Audit Submissions

The following guidelines are provided for the Fiscal Year 2012 Audit Submissions:

- Audits, copies of board minutes approving the audit, and management letters should be submitted to School Finance electronically through the IMACS system. To prepare for system implementation, districts and charters are advised to obtain an electronic copy of their completed Fiscal Year 2012 audit. More specific information regarding implementation of the new process will be shared as soon as it is available. Use of the system will be mandatory once it is made available to users.
- The deadline for submitting audits is **December 31, 2012**. There is no longer any need to file for an extension of the audit deadline.
- Copies of board minutes and management letters may be submitted after the December 31 deadline. These documents should include all required signatures, which is a change from current practice.
- The school, not the auditor, is responsible for ensuring that the audit, board minutes, and management letter are submitted to School Finance in compliance with the provisions of the audit rule.
- To minimize the need for subsequent audit corrections, schools are strongly encouraged to complete the following checklist prior to submitting the audit:
 - ☐ The pages of the audit have been compared to the Table of Contents, and no pages are missing or out of order. Audits with missing pages may be rejected as incomplete.
 - ☐ The audit includes the auditor's signature and the date of the audit report. Audit reports that are not signed and dated may be considered a draft, not a final report. Draft reports cannot be accepted in satisfaction of the audit requirement.
 - ☐ The ending debt balances in the audit report (reported in the financial statements and/or Notes to the Financial Statements) agree to the balances reported in Part IV, Long and Short Term Debt, of the Annual Secretary of the Board Report (ASBR). Any differences should be reconciled.

- ☐ The data reported on the Schedule of Selected Statistics agrees to the corresponding data on the ASBR and MOSIS/Core Data. If changes to the ASBR and/or MOSIS/Core Data are needed as a result of the review, please revise and resubmit corrections as soon as possible and notify your auditor of any changes.
- ☐ The audit submission includes the district's Single Audit, if applicable. There is no provision in the rule allowing the Single Audit portion of the audit to be submitted at a later date.

Minimum Salary Requirements

In 2012-2013 the minimum teacher's salary is \$25,000 and the minimum salary for a full-time teacher with a master's degree with at least ten years public teaching experience is \$33,000.

All teachers are to receive at least their FTE proration of the applicable state minimum salary. Teachers include study hall teachers, in-school suspension teachers, and all others for whom the students' hours are included in the average daily attendance calculation for state aid.

The penalty for noncompliance with the minimum salary requirements of Section 163.172, RSMo, is stated in Section 163.021.3, RSMo. The statutory penalty for noncompliance is a reduction of the Basic Formula to the 1993-94 amount per eligible pupil. Therefore, it is important that each district ensures compliance with the minimum salary requirements. Questions on specific situations may be directed to the School Finance staff at 573-751-0357.

SCHOOL GOVERNANCE

School Calendar

Section 171.031, RSMo, requires that school districts include in their annual calendar six makeup days for loss of attendance due to inclement weather. School districts are required to make up the first six days of school lost or canceled due to inclement weather and half the number of days lost or canceled in excess of six days up to eight days, resulting in no more than ten total make-up days (Section 171.033 RSMo.). Excessive heat is excluded from the definition of inclement weather.

SCHOOL TRANSPORTATION

Ridership Lists

On October 10, 2012 (the second Wednesday in October), the compilation of the school district's first ridership list for the year should be completed. This list should only include students' names who regularly rode the buses (at least once per week) living both one mile or more from school (eligible students for state aid) and less than one mile (ineligible students for state aid). The ridership list from the second Wednesday of October will be combined with the ridership list from the second Wednesday of February (February 13, 2013) and reported at the end of the year on the Application for State Transportation Aid (Section I Pupil Data - A thru F) of the 2012-13 Annual Secretary of the Board Report (ASBR) due August 15, 2013.

Deputy Commissioner's Comments

November Initiative Petition Vote: Recently an inquiry was made asking if a simulation had been run projecting the potential impact on state funding to school districts should the vote to increase the tobacco tax pass in November. At this point we have not attempted to run any projections. Should voters approve this measure, we will assemble preliminary statewide ADA information that might help districts make some preliminary calculations.

Missouri Revenue Update: Below is the most current revenue data for Missouri at this point of the fiscal year. It is our goal to continue to provide this information on a monthly basis to enable districts to keep track of the revenue picture at the state level. As you may recall, last month there was a 12% increase in new revenue that was largely due to a **one time** increase in Other Collections due to receipt of a settlement of fines charged against mortgage companies found liable for improper business practices associated with the collapse of the housing market. Other Collections for August were ahead of last year by 10% primarily due to receipts from a Medicaid settlement. It is predicted that these two settlements will cause Other Collections to trend above last year, but that the year-to-date gap will probably close as we move forward. Districts are urged to monitor this report and use it as a gauge for predicting what the future budget year might hold.

Revenue Trends YTD

	<u>YTD as of</u> <u>August FY12</u>	<u>YTD as of</u> <u>August FY13</u>	<u>Revenue</u> <u>Change</u>	<u>%</u> <u>Change</u>
Individual Income Taxes	\$773,800,000	\$764,400,000	(\$9,400,000)	-1.21%
Sales & Use Taxes	\$321,000,000	\$339,400,000	\$18,400,000	5.73%
Corporate Inc. & Franchise	\$28,800,000	\$27,900,000	(\$900,000)	-3.13%
Other Collections	\$72,900,000	\$111,400,000	\$38,500,000	52.81%
Increase in Revenue YTD			\$46,600,000	3.89%
			<u>Refund</u> <u>Change</u>	
Refunds (YTD)	\$109,500,000	\$84,800,000	(\$24,700,000)	-22.56%
Net Revenue Status YTD	\$1,087,000,000	\$1,158,300,000	\$71,300,000	6.56%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)				

Gaming Revenue YTD

	<u>Prior Year</u>	<u>Current Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$56,049,064	\$57,150,828	1.97%
Gaming Revenue Appropriated		\$319,696,995	
Percentage of Budget Year Reflected YTD		16.67%	
Percentage of Appropriation Realized YTD		17.53%	

The reprieve from the extreme heat and drought we experienced this past summer was certainly refreshing. Hopefully it will lift the spirits of everyone and enable a more positive outlook toward the future. While times remain challenging the mission of Missouri schools remains before us each day. Thank you for your continued work on behalf of our state's school age citizens.



Ronald Lankford